

Message Text

UNCLASSIFIED

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ACTION AGRE-00

INFO OCT-01 EA-12 NEA-10 ISO-00 EB-08 COME-00 TRSE-00

CIAE-00 INR-07 NSAE-00 SSO-00 INRE-00 /038 W

-----112089 061102Z /10

O R 061020Z SEP 77

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC IMMEDIATE 8077

INFO AMCONSUL KARACHI IMMEDIATE

AMEMBASSY NEW DELHI

AMEMBASSY SINGAPORE

UNCLAS COLOMBO 3274

DEPT PASS USDA FOR ASSISTANT SALES MANAGER, CEP/OGSM:
KARACHI PLEASE PASS TO ALAN HUNT, WHEAT ASSOCIATES USA;
NEW DELHI FOR AGATT

E.O. 11652: N/A

TAGS: EAGR, ETRD, CE

SUBJ: REQUEST BY GOVERNMENT OF SRI LANKA FOR CCC CREDIT

REF: COLOMBO 2892 (NOTAL)

1. SUMMARY: THE STATE FLOUR MILLING CORPORATION HAS DECIDED TO TENDER FOR BOTH AMERICAN AND AUSTRALIAN WHEAT FOR DECEMBER DELIVERY, AND THE EXTERNAL RESOURCES DIVISION IS REQUESTING TWO-YEAR CCC FINANCING FOR 100,000 TONS OF AMERICAN WHEAT. AS THIS IS THE FIRST OPPORTUNITY FOR THE SALE OF AMERICAN WHEAT SINCE THE LOCAL MILL WENT INTO OPERATION IN 1969, THE EMBASSY RECOMMENDS APPROVAL OF THIS REQUEST. THE MILLING CORPORATION PLANS TO ISSUE TENDERS IN MID-SEPTEMBER, SO THE EMBASSY WOULD APPRECIATE USDA APPROVAL ON OR BEFORE SEPTEMBER 15. END SUMMARY.

2. THE GOVERNMENT OF SRI LANKA (GSL), THROUGH THE EXTERNAL UNCLASSIFIED

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RESOURCES DIVISION, HAS BUSMITTED TO THE EMBASSY A REQUEST FOR CCC CREDIT TO FINANCE THE IMPORTATION OF 100,000 METRIC TONS OF WHEAT GRAIN FOR USE BY THE STATE FLOUR MILLING CORPORATION. THE REQUEST IS FOR TWENTY-FOUR MONTH FINANCING WITH THE LOAN TO BE GUARANTEED BY A US BANK.

3. THE EMBASSY RECOMMENDS APPROVAL. AS THE DEPARTMENT AND

USDA WELL KNOW, THE EMBASSY, WESTERN WHEAT ASSOCIATES, AND USDA OFFICIALS HAVE BEEN WORKING FOR WELL OVER A YEAR TO PERSUADE THE STATE FLOUR MILLING CORPORATION TO SHIFT FROM AUSTRALIAN TO AMERICAN WHEAT. FOLLOWING THE AUGUST 17-18 VISIT OF WHEAT ASSOCIATES REPRESENTATIVE, ALAN HUNT, THE NEW MILLING CORPORATION CHAIRMAN, CAPTAIN HEYWARD FERNANDO, DECIDED TO TENDER FOR BOTH US AND AUSTRALIAN WHEAT FOR DELIVERIES BEGINNING IN DECEMBER. TENDERS WILL PROBABLY BE ISSUED IN MID-SEPTEMBER. THE AVAILABILITY OF CCC CREDIT WILL BE AN IMPORTANT FACTOR IN THE FINAL DECISION OF WHETHER OR NOT THE GSL PURCHASES AMERICAN WHEAT. ACCORDING TO EXTERNAL RESOURCES OFFICIALS, THE AUSTRALIANS ARE CURRENTLY OFFERING ONE-YEAR FINANCING AT 8 PERCENT.

4. SINCE CONSTRUCTION OF THE RUSSIAN SUPPLIED MILL IN THE LATE 1960'S, THE MILLING CORPORATION HAS USED AUSTRALIAN WHEAT EXCLUSIVELY. BEFORE THE CONCERTED PROGRAM TO SELL AMERICAN WHEAT, THERE WERE MANY PEOPLE WHO BELIEVED THE MILL COULD HANDLE ONLY AUSTRALIAN WHEAT. THE GSL IS NOW CONSIDERING USING BOTH AMERICAN AND AUSTRALIAN WHEATS FOR THE NEXT YEAR OR SO. SINCE SRI LANKA STOPPED BUYING AUSTRALIAN FLOUR SEVERAL YEARS AGO, WHEAT GRAIN HAS BEEN THE ONLY SIGNIFICANT IMPORT FROM AUSTRALIA. AS AUSTRALIA IS A LARGE MARKET FOR SRI LANKA'S TEA, THE GSL DOES NOT WISH TO STOP ALL AUSTRALIAN WHEAT PURCHASES. THE EMBASSY BELIEVES, HOWEVER, THAT ONCE THE MILLING CORPORATION HAS SOME EXPERIENCE WITH AMERICAN WHEAT, THE

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US WILL HAVE AN ASSURED MARKET IN SRI LANKA FOR AT LEAST 50,000 TO 100,000 TONS OF WHEAT PER YEAR. (THE PROGRAM FOR MILLING OF AMERICAN WHEAT IN SINGAPORE IS STILL UNDER CONSIDERATION BY THE FOOD COMMISSIONER; IF THE FOOD COMMISSIONER DECIDES TO GO AHEAD WITH THIS PROGRAM, A SECOND APPLICATION FOR CCC FINANCING WILL BE MADE BY EXTERNAL RESOURCES.)

5. ACTION REQUESTED. AS THE MILLING CORPORATION PLANS TO ISSUE TENDERS IN MID-SEPTEMBER, THE EMBASSY WOULD APPRECIATE USDA APPROVAL ON OR BEFORE SEPTEMBER 15.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, WHEAT, PROPOSALS (BID), AGRICULTURAL EXPORTS
Control Number: n/a
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Sent Date: 06-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: COLOMBO
Handling Restrictions: n/a
Image Path:
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Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: af26784d-c288-dd11-92da-001cc4696bcc
Office: ACTION AGRE
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 COLOMBO 2892
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1382262
Secure: OPEN
Status: NATIVE
Subject: REQUEST BY GOVERNMENT OF SRI LANKA FOR CCC CREDIT
TAGS: EAGR, ETRD, CE, US, AS, CCC, STATE FLOUR MILLING ORPORATION
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/af26784d-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009